

**PROJECT DE-SELECTION SO SPENDING CAN BE REDUCED ON ACCOUNT
OF INITIATIVE 776**

BRIEFING PAPER

Prepared for the
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PURPOSE:

The purpose of this agenda item is to provide the Commission with a list of recommended projects to be de-selected so spending can be reduced on account of I-776.

ACTION/OUTCOME:

Information and discussion only. No formal action is expected or required.

BACKGROUND:

Revenue assumptions used for the development of the Transportation budget bill (ESHB 1163) included fees collected on light trucks. The fees generate approximately \$30 Million of revenue each biennium.

On October 30th 2003, the Supreme Court affirmed the constitutionality of I-776 thereby reducing revenue from fees collected on light trucks.

The 2003-05 Transportation Budget did not provide specific delegation to the Commission or Department to make adjustments to the program. However, given the impacts to the overall Highway Construction Program, a list of recommended projects for de-selection and the criteria used to generate this list is proposed for legislative consideration.

DISCUSSION:

The level of reduced project spending needed for the 2003-05 biennium is estimated at \$34 Million. We are proposing that this reduction be taken by de-selecting new start projects from the Highway Construction Program. New start projects are those projects with scheduled expenditure plans that have not yet started and have a scheduled date to be advertised for bid during the biennium.

Funding of projects in the highway construction program is typically made up from three primary fund sources: Federal, State (Cash & Bond), and Local. Since the revenue

reduction form I-776 is all state cash funds, project de-selection needs to follow those projects that have similar funding assumptions. In other words, it may not make sense to de-select a project primarily funded with federal funds. Given this limitation, we have targeted projects on the Non-National Highway System (NHS) for \$27 Million of the cuts and NHS projects for the remaining \$7 Million. Higher cuts in the NHS system would have significant impacts to overall programming and the leveraging of federal funds.

To guide this de-selection process, we have also established policy framework. This framework includes the following assumptions:

- Bridge scour project were not considered for de-selection. Deferral of these projects involves a higher degree of risk that could lead to structure failure and include higher future costs.
- Bituminous Surface Treatment (BST) paving projects (also known as Chip Seals) were not considered for de-selection. Delaying these overlays risks the need to do more extensive and expensive reconstruction in the future.
- Safety projects addressing High Accident Locations (HAL's) and High Accident Corridors (HAC's) were not considered for de-selection.
- Improvement projects linked to Nickel-funded projects were not considered for de-selection. These projects include preliminary engineering, the acquisition of right of way, or the construction of a link that is critical to the delivery of a Nickel-funded project.

RECOMMENDATION:

No action is required. However, we are seeking your feedback and comments on this issue and your guidance for resolution with the legislature.

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